

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

**Date:** 9/17/2009

**GAIN Report Number:** TS9013

## Tunisia

## EXPORTER GUIDE ANNUAL

### Exporter Guide Tunisia 2009

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**Report Highlights:**

All sections of the Exporter Guide Report have been revised, mainly to update economic data.

**Post:** Tunis

## **Section I: Market overview**

### **1.1 Economic Situation**

Tunisia is relatively a stable and diversified economy; with leading sectors include agriculture, manufacturing and services. After decades of heavy state intervention in the economy, several economic reforms were introduced in mid-1980s enabling Tunisia to achieve an average GDP growth rate of 5 percent per year since 1994. This economic performance is very often hailed as a model for other African and Middle Eastern countries. This has allowed Tunisia to be one of the few developing countries in the region to have moved into the "Middle Income" category. According to the latest Growth Competitiveness Report 2008-2009, published by the World Economic Forum, the Tunisian economy continues to be the most competitive in all of Africa.

The Tunisian economy has been affected, to some extent, by the ongoing global downturn. Exports to its major European trading partners have declined in the first six months of 2009, as economic recession impacted these countries. As a result, Tunisia GDP growth estimate was lowered from 5.1 percent to 3 percent for this year. The principal sectors affected by the economic slowdown were the textile and manufacturing sectors. However, the Tunisian economy continues to perform well and benefit from growing investment in infrastructure. The agricultural sector's contribution to GDP is on the rise thanks to an important increase in cereal production. Unemployment continues to plague the Tunisia's economy and it is aggravated by a rapidly growing work force especially the young and the skilled workers. Officially, 14.1 percent of the Tunisian work force is unemployed

In 2008, machinery and electric industries ranked as the largest exporting sector with a 29 percent share of total exports, while the textile sector represented 28 percent and agriculture contributed 10 percent. The main Tunisian exports are crude oil, minerals, manufactured goods, and agricultural products. Tourism generates considerable foreign currencies. Tunisian imports are mostly textiles, machinery and equipment, hydrocarbons, chemicals, cereals and other food products. Tunisia's primary trading partners are France, Italy, Germany, Belgium, Luxembourg, and the Maghreb countries.

Total trade between Tunisia and the U.S. in 2008 is estimated at \$1.14 billion, a 33 percent increase since 2007, with U.S exporting \$502 million and importing around \$644 million. Agricultural trade holds an important place, as the United States exported \$183 million of agricultural and food products to Tunisia in 2008, compared to \$193 million in 2007. The major agricultural imports into Tunisia from the United States remain bulk commodities such as wheat, corn and some intermediate products such as soybean meal and planting seeds. Although relatively high customs duties are levied on most of the consumer-oriented food

products, export opportunities do exist as the Tunisian consumer is becoming more sophisticated thanks to a greater disposable income and to an increasing exposure to western-style consumption habits. The U.S. market share has real potential for growth despite a price competitiveness gap with the EU caused by substantially higher freight costs and preferential access granted to the EU following the free trade agreement enactment in the mid 90's.

## 1.2 Key demographic developments and their impact on consumer buying habits

Ten million Tunisian consumers growing at a very low rate of 1.18 percent enjoy an average per capita income of \$4,184 in 2009, with purchasing power parity (PPP) of \$8,446 per IMF estimate. This level of per-capita income is among the highest in North Africa and it is projected to rise to \$4,620 by 2011. Two-thirds of the population lives in urban cities and nearly one-fifth is living in the Greater Tunis metropolitan area. Tunisia has a relatively large middle class that accounts for 80 percent of the population and enjoys a relatively good social welfare programs, with ready access to education and health services. Women enjoy equal status to men and make up a sizeable part of the work force. Food items account for about 35 percent of overall household's expenditures and spending on these items is growing by 6.6 percent annually. Urban households spend nearly 65 percent more than rural households.

Advantages	Challenges
The highest disposable income in North Africa and a large middle class.	Price-conscious buyers make it difficult for US exporters to compete in this market
Major European tourist destination requiring consistent high quality food supply.	Geographic proximity to Europe and the lack of direct shipping lines from the US resulting in long transit times and higher export costs
Expanding modern retail food distribution channels such as supermarkets and hypermarkets that sell imported food products	Heavy French orientation of a large segment of the Tunisian agribusiness establishment
Imported products are generally highly recognized among consumers and institutional services for quality and safety	Relatively small market

The typical Tunisian diet relies on staples such as couscous, a famous dish in North Africa

made from durum wheat meat, fish or chicken, along with various vegetables. Pasta and olive oil are also popular as Tunisian cuisine is, to some extent, influenced by the Italian cuisine. Seafood is a mainstay of the Tunisian diet. Candies and sweets are also popular.

## **Section II: Exporter Business Tips**

Doing business in Tunisia very often requires agents/distributors that are crucial to introducing new products into the Tunisian market. Both commission agents and distributors may represent foreign businesses. The official language is Arabic, and the second language is French. Although Tunisian businessmen perceive U.S. agricultural products to be of high quality, many are reluctant to pay substantial quality premiums, as price remains the most determining factor. Therefore companies embarking on doing business in Tunisia should be prepared for relatively demanding price negotiations.

Food standards are in general similar to those prevailing in developed countries as Tunisia is heavily relying on Codex Alimentarius standards when setting its own food safety measures. According to the Consumer Protection Law of 1992, Arabic has to be one of the languages used for product labeling (decree # 2003-1718) while the measuring system in use is the international metric system. If pork meat, pork fat, or alcohol is among the products' ingredients, it should be clearly mentioned on the label. Labeling is also mandatory for all foods and food ingredients containing genetically modified organisms (GMO).

Tunisian currency, the Dinar, is not fully convertible. The banking system is strictly supervised by the Central Bank of Tunisia, which has several restrictions on capital outflows. However, the Dinar is convertible for trade and investment transactions. The Government of Tunisia is currently carrying out reform measures aimed at the full convertibility, although the latter is most likely still far away. Supply of short-term commercial credit generally exceeds demand. USDA's Export Credit Guarantee Programs have been available. In FY 2009, an allocation of \$200million under GSM 102 was announced for North Africa and the Middle East Region.

Business etiquette is quite similar to western countries. The Tunisian weekend is Saturday and Sunday. During fasting in the holy month of Ramadan the workday is shorter and it is advisable to be concise and to avoid lengthy meetings. When invited into someone's home, it is common for guests to bring a small gift as a token of appreciation. Commercial advertising is well developed in Tunisia with TV and newspapers providing the main venue for ads. Posters, lotteries and sponsorship of event are also common. Tunisians, especially those with high income, like to buy brand names and trademarks with 'westernized look' that are often advertized in satellite TV commercials and foreign newspapers.

The majority of food products imported to Tunisia are subject to technical quality control procedures prior to customs clearance and the issuance of a document called 'Autorisation de Mise à la Consommation' (AMC). The list of the products concerned by the technical control is regularly published in departmental orders and establishes three distinct modalities:

1. List (A) includes all goods submitted to a systematic control i.e. a conformity assessment with or without sampling for further laboratory testing to be undertaken at each shipment regardless of whether the product has or has not been tested in the past. This list includes virtually all processed agricultural products,
2. List (B) includes products submitted to the so-called certification regime whereby customs clearance is granted for goods accompanied by a certificate issued by the country of origin and stating that those goods are in compliance with international standards. Agricultural products are not among products subject to the certification regime.
3. List (C) includes products submitted to a conformity assessment with the conditions defined by a GOT-sanctioned specifications book (Cahier des charges). Agricultural products submitted to 'cahier des charges' are, in their majority, bulk and intermediate agricultural products.

### **Section III: Market sector structure and trends**

Although Tunisia remains mostly bulk market for U.S. commodities such as wheat and coarse grain, especially during drought years, many export opportunities exist for U.S. consumer-oriented food products and beverages. There are several factors that make Tunisia market for consumer-oriented products increasingly attractive to U.S. exporters:

**-Expanding modern retail food outlets:** The retail sector (food and non-food) is boasting an annual growth rate of 10 percent and is shifting from traditional small neighborhood grocery shops carrying limited items, to a more modern distribution system that is based on supermarket and hypermarkets. Currently, there are about 220 modern food retail outlets: 2 Hypermarkets, 120 Supermarkets and 100 'Superettes' (self-service food outlets with a selling area of less than 500 sq. m.). These retail outlets offer more varieties for Tunisian consumers, including a huge array of imported food products. However, although the number of modern retail outlets is increasing, small, grocery shops still dominate the industry and most consumers still unable to afford expensive imported food products. French supermarkets, such as Carrefour and Casino are now present in Tunisia, along with Tunisian retailers such as Promogros. More foreign retailers are expected to enter the market in the medium run enticed by a sector poised to expand more aggressively over the next decade, displacing traditional shops and capturing an estimated 30 percent of the overall food retail market.

**-Growing middle-class:** Roughly 80 percent of Tunisian consumers are considered middle class and thus have significant purchasing power. According to the latest survey by the National Statistics Institute's (INS) conducted in 2005, Tunisians spend nearly 6.3 billion TD a year (about \$5 billion) on food, mainly to purchase staples like bread, pasta, semolina, cooking oil and dairy products. Other items that were considered sort of luxury goods, such as salty and sweet snacks, fruit juices are increasingly popular. Tunisia's growing young population is also adding to this factor. In fact, the youth group under the age of 30 represents a large part of the total population (55 percent) and is more open to western-style food products. There are about 6 million tourists who visit Tunisia annually and offer opportunity of selling high processed food products.

The food processing sector consists of about 1,066 enterprises that produced products valued at \$6,000 million and contributed a value added of \$1,316 million in 2008. The sector demand for imported high-value ingredients is steadily increasing, with more sophisticated products licensed by multinational food companies such as Nestle and Danone. Agricultural and food imports by the food processing sector in 2007 were estimated at \$1,674 million, compared to \$937 million in 2002. Cereals and cereals products, oils and sugar and sugar derivatives

accounted for 80 percent of food imports in 2007. The Hotel and Restaurant Industry (HRI) is not perceived as a separate market. Most hotels and restaurants source their food needs either through annual tenders or use the same distribution channels used by households. In addition to domestic customers, this sector caters to more than 6 million tourists visiting Tunisia each year. High-end hotels do import spirits, wines and specialty cheese either directly or via import companies.

The following table shows the number of food processing companies broken down by sub-sectors. For each sub-sector there are off-shore companies whose operation is geared toward export and on-shore companies, i.e. those working mainly for the domestic market.

***Number of food processing companies in Tunisia***

Activity	Off-shore companies	On-shore companies	Total
Oils and fats industries	14	312	326
Fruits and vegetables industries	17	45	62
Cold storages facilities	56	81	137
Seafood industries	39	37	76
Cereals and derivatives industries	4	234	238
Beverage industries	8	51	59
Dairy industries	-	37	37
Sugar and confectionary industries	2	24	26
Meat industries	1	24	25
Other food processing industries	21	59	80
<b>Total</b>	<b>162</b>	<b>904</b>	<b>1066</b>

Source: Tunisia Industry Promotion Agency-June 2008

The best approach to enter the market for new exporters is to identify a suitable importer, i.e., an importer with proven experience in handling the targeted products. U.S. exporters are encouraged to check the credentials of importers. Another alternative way is to contact major retailers directly, as some of them have subsidiaries dealing with local and international procurement companies. Through various activities, the USDA/FAS office in Tunisia is able to help in matching new-to-market U.S. exporters with appropriate potential business partners and conducts specially tailored inquiries for U.S. companies seeking export opportunities in this emerging market.

#### **Section IV: Best high-value product prospects**

As mentioned earlier, owing to an expanding middle-class and the subsequent changes in both consumption patterns and distribution channels, the Tunisian market is evolving in a way creating real export opportunities for value-added consumer-oriented products (COP). The consumer products that have high prospects to perform best in the Tunisian market include: Tree nuts, dried fruits, cookies, sauces, condiments and mixed seasoning and breakfast cereals.

Apart from food products, there is also a good market opportunity for U.S. agricultural equipment in Tunisia, particularly in grain storage where Tunisia experiences frequently significant shortages. Also, there are a good opportunities for U.S. suppliers of concrete and portable grain silos as well as elevators exist in Tunisia.

#### **Section V: Key contacts and further information**

The Office of Agricultural Affairs (OAA) at the American Embassy is the USDA/FAS office in Tunisia. It provides trade servicing and market intelligence. Services offered by OAA include market briefings, lists of importers, setting up business meetings and coordinate exhibits and trade shows.

#### **US Embassy/ USDA-Foreign Agricultural Service Contacts**

##### **Hassan F. Ahmed, Regional Agricultural Attaché (Resides in Rabat, Morocco)**

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Phone: 216 71 107 486

Fax : 216 71 107 101

Adresse : Zone Nord-Est des Berges du Lac, Nord de Tunis, 2045 La Goulette, Tunisia

#### **Other Contacts:**



**Directorate General for Veterinary services (DGSV)**

Ministry of Agriculture, Environment and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

Phone: 216 71 786 833

E-mail: : [mag@ministeres.tn](mailto:mag@ministeres.tn)

**Directorate General for Agricultural Production (DGPA)**

Ministry of Agriculture, Environment and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

Phone: 216 71 786 833

E-mail: : [mag@ministeres.tn](mailto:mag@ministeres.tn)

**Directorate General for Crop Protection and Quality of Agricultural Products (DGPCQA)**

Ministry of Agriculture, Environment and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

Phone: 216 71 786 833

E-mail: : [mag@ministeres.tn](mailto:mag@ministeres.tn)

**Directorate of Quality and Consumer Protection (DQPC)**

Ministry of Commerce

Address: 37, av. Keireddine Pacha, 1002 Tunis

Phone: (216) 71 890-070 / 890 337

e-mail: [mcmr@ministeres.tn](mailto:mcmr@ministeres.tn)

**National Agency of the Sanitary and Environmental Control of Products (ANCSEP)**

Ministry of Public Health

Adresse : Appt. Idriss - 3ème Etage - Bloc N°9 - Cité Elmhiri - Berges du Lac - 2045 Tunis

Phone : +216 71 960 222

e-mail : [thouraya.attia@ms.tn](mailto:thouraya.attia@ms.tn)

**Institut National de Normalisation et de Propriété Industrielle (INNORPI)**

Standards setting and intellectual property enforcement authority

BP 23 - 1012 Tunis Belvédère

Phone: 216 71 785 922

Fax: 216 71 781 563

E-mail: [inorpi@email.ati.tn](mailto:inorpi@email.ati.tn)

**The Packaging Technical Centre (PACKTEC)**

Address : Cité El Khadra, par la rue Alain SAVARY. BP 64 .1003 Tunis.

Tel. : +216 71 772 755

Fax. : +216 71 773 300

Email : [Packtec@packtec-tunisia.com](mailto:Packtec@packtec-tunisia.com)

### **Other relevant websites**

- [www.cepex.nat.tn](http://www.cepex.nat.tn): The website of the Cepex (Export promotion agency) which has the full list of has le list of the domestic and international trade shows of interest for Tunisian businessmen
- [www.Tunisie-commerce.com](http://www.Tunisie-commerce.com): A directory of trade Tunisian companies
- <http://www.tunisianindustry.nat.tn>: the website of the Industry promotion agency
- [www.bct.gov.tn](http://www.bct.gov.tn): The website of the Tunisian Central bank
- [www.smg.com.tn](http://www.smg.com.tn): the website of the leading Tunisian retailer: Magasin General
- [www.TunisiaOnline.com](http://www.TunisiaOnline.com): a digital gateway to news and information resources on Tunisia, Tunisia's history, government, culture and environment.

## Exporter Guide Appendix I. Statistics

**Table A: Key Trade & Demographic Information**

Agricultural Imports From All Countries (\$mil) / US Market Share (%) 2008	2719	12 percent
Consumer Food Imports From All Countries (\$mil) / US Market Share (%) 2008	838	Less than 1%
Total Population (millions)/ Annual Growth Rate (%), 2008	10,326	1.18 percent
Urban Population (millions)/ Annual Growth Rate (%), 2004	6490	1.83 percent
Number of Major Metropolitan Areas	1	
Size of the Middle Class (millions)/ Growth rate, 2004	8	
Per capita Gross Domestic Product (U.S. Dollars), 2009	4,184 (equivalent US dollars at current prices)	
Unemployment rate (%)	14.2 (2008)	
Per capita Food Expenditures (U.S. Dollars), 2005	519	
Percent of female population Employed	25.4	
Exchange Rate	1.21 TD for \$ 1.0	

Source: Institut National des Statistiques (INS)

**Table B. Tunisia agricultural imports**

<b>Tunisia Imports</b> (In Millions of Dollars)	<b>Imports from the World</b>			<b>Imports from the U.S.</b>			<b>U.S Market Share (%)</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Wheat	254	603	892	9	90	120	3.5	14	13
Barley	86	218	159	0	6	0	0	2	0
Corn	89	147	223	83	135	101	93	91	45
Soybean oil	103	129	306	0	7	38	0	5	12
Corn oil	96	40	63	90	30	36	93	75	57
Soybean meal	63	84	122	6	0	0	9	0	0

Milk and derivatives	29	40	65	0	0	1	0	0	1
Cheese	11	12	20	1	0	7	9	0	35
Potatoes	15	54	16	0	0	0	0	0	0
Tea	17	14	19	0	0	0	0	0	0
Sugar	163	130	133	0	0	0	0	0	0
Total	1545	2145	2719	195	283	323	12	13	12

Source: Institut National des Statistiques (INS)

**Table C. TOP 15 Suppliers of Consumer Oriented Agric. Total**

<b>Tunisia Imports</b>			
CONSUMER-ORIENTED AGRICULTURAL TOTAL (\$ 1,000)			
	<b>2006</b>	<b>2007</b>	<b>2008</b>
France	24,111	28,237	36,426
Brazil	4,731	10,447	11,130
Netherlands	8,306	16,014	10,141
Spain	4,747	11,638	9,589
<b>United States</b>	<b>2,306</b>	<b>1,750</b>	<b>8,817</b>
Italy	4,680	6,438	7,444
China	3,189	5,833	7,259
Morocco	5,154	6,318	7,104
Germany	7,888	3,899	6,403
Turkey	4,947	9,248	6,240
Belgium	3,724	3,851	5,723
New Zealand	3,641	2,905	4,229
Ireland	2,173	2,478	3,904
Algeria	229	2,261	2,810
Austria	1,585	1,766	2,405
<b>World</b>	<b>92,110</b>	<b>128,134</b>	<b>143,908</b>

Source: Global Trade Atlas Database.